

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2009-253-E - ORDER NO. 2009-520
AUGUST 5, 2009

IN RE: Petition of Duke Energy Carolinas, LLC for)	ORDER APPROVING
an Accounting Order to Adopt New)	ADOPTION OF NEW
Depreciation Rates Effective January 1, 2009)	DEPRECIATION RATES
)	EFFECTIVE JANUARY 1,
)	2009

This matter comes before the Public Service Commission of South Carolina (“Commission”) on the Petition of Duke Energy Carolinas, LLC (“Duke Energy Carolinas” or “Company”), pursuant to S.C. Code Ann. § 58-27-1550 and 26 S.C. Code Ann. Regs. 103-825, requesting approval of an accounting order allowing it to adopt new depreciation rates retroactive to and effective January 1, 2009.

Duke Energy Carolinas states that the last changes to its depreciation rates were approved by Order No. 2005-169 (April 1, 2005) in Docket No. 2005-42-E. As a result of normal periodic review of the Company’s depreciation rates for compliance with General Accepted Accounting Principles and to support the rate case filing in Docket No. 2009-226-E, Duke Energy Carolinas commissioned a study of its depreciation rates. Based on the results of this study, the Company determined that it is appropriate to update its depreciation rates. Duke Energy Carolinas submitted the depreciation study to the Commission and the Office of Regulatory Staff (“ORS”). The Company requests that

the Commission issue an accounting order allowing it to implement the new depreciation expense rates as reflected in the depreciation study effective January 1, 2009.

Duke Energy Carolinas states that the results of the study indicate an annual reduction in depreciation expense. Duke Energy Carolinas intends to include the results of this depreciation study in the upcoming general rate case assigned as Docket No. 2009-226-E. The Company also states that adoption and implementation of the new depreciation rates will not involve a change to any of Duke Energy Carolinas rates or prices at this time, or any Commission rule, regulation, or policy. In addition, Duke Energy Carolinas notes that issuance of the accounting order does not prejudice any party's right to address this issue in its upcoming general rate case proceeding.

S.C. Code Ann. § 58-27-870(F) states that this Commission may put new rates into effect without notice and hearing upon its order when the rates do not result in any rate increase to the electrical utility. The depreciation rates requested by Duke Energy Carolinas in the present case fit into this category, therefore no notice and/or hearing is necessary.

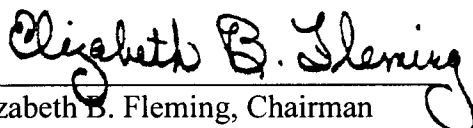
We have examined the Petition and depreciation study provided by the Company as well as the correspondence from ORS regarding their review of the filing. According to ORS, it does not object to the Company's request. Results of the depreciation study indicate an annual reduction of depreciation expense of approximately \$55 million. The major depreciable function categories were characterized by varying accrual rate changes both positive and negative. Drivers for these changes include longer or shorter remaining lives, lower or higher cost removal, remaining life tied to license date of a facility, and

change in methodology to address reserve imbalances. The Petition asserts that adoption of these new depreciation rates will not involve a change to any of the Company's rates or prices.


After review, we find and conclude that the relief requested in the Petition should be granted. The depreciation expense rates as proposed by Duke Energy Carolinas are hereby adopted effective January 1, 2009. However, we note that the issuance of this accounting order does not prejudice any party's right to address this issue in the upcoming rate proceeding, nor is it precedential for any future rate setting orders. Accordingly, we grant the Petition of Duke Energy Carolinas to adopt new depreciation rates effective January 1, 2009.

This Order shall remain in full force and effect until further order of the Commission.

BY ORDER OF THE COMMISSION:


Elizabeth B. Fleming, Chairman

ATTEST:



John E. Howard, Vice Chairman
(SEAL)